



Title: **UBO Rates and Beyond: Development & Structure**

Session: **W-1-1430**



# Agenda

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- UBO Rate Packages
- Adjusted Standardized Amounts – Inpatient Rates
- Outpatient Itemized Billing – Outpatient Rates
- Pharmacy Overview
- Medical Affirmative Claims
- Future of UBO Rates
- General Billing Tips



# UBO Rate Packages

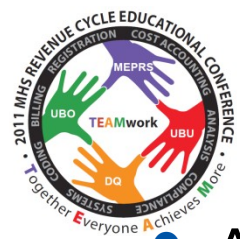
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- Inpatient Adjusted Standardized Amounts (ASAs)
  - Updated 1 October, Fiscal Year (FY)
- Outpatient Itemized Billing (OIB) Rates, Cosmetic Surgery Rates
  - Updated 1 July, Calendar Year (CY)
- Pharmacy Rates
  - Updated twice a year (typically February & August)
- Medical Affirmative Rates (MAC)
  - Upon OMB approval & announcement in Federal Register



# Inpatient





# Inpatient Rates

- Adjusted Standardized Amounts (ASAs) are the basis for all Direct Care inpatient medical care including Third Party Collections (TPC)
- Used to bill TPC, MSA, and MAC encounters
- Compatible with Medicare and TRICARE
- Uses the MS-DRG system
- Include costs of both professional and institutional services
- Each MTF has a unique assigned ASA
- Specific MTF costs, workload, and regional variations are incorporated to calculate each ASA rate for:
  - CONUS MTFs in Large Urban Areas
  - CONUS MTFs in Other Urban/Rural
  - Overseas



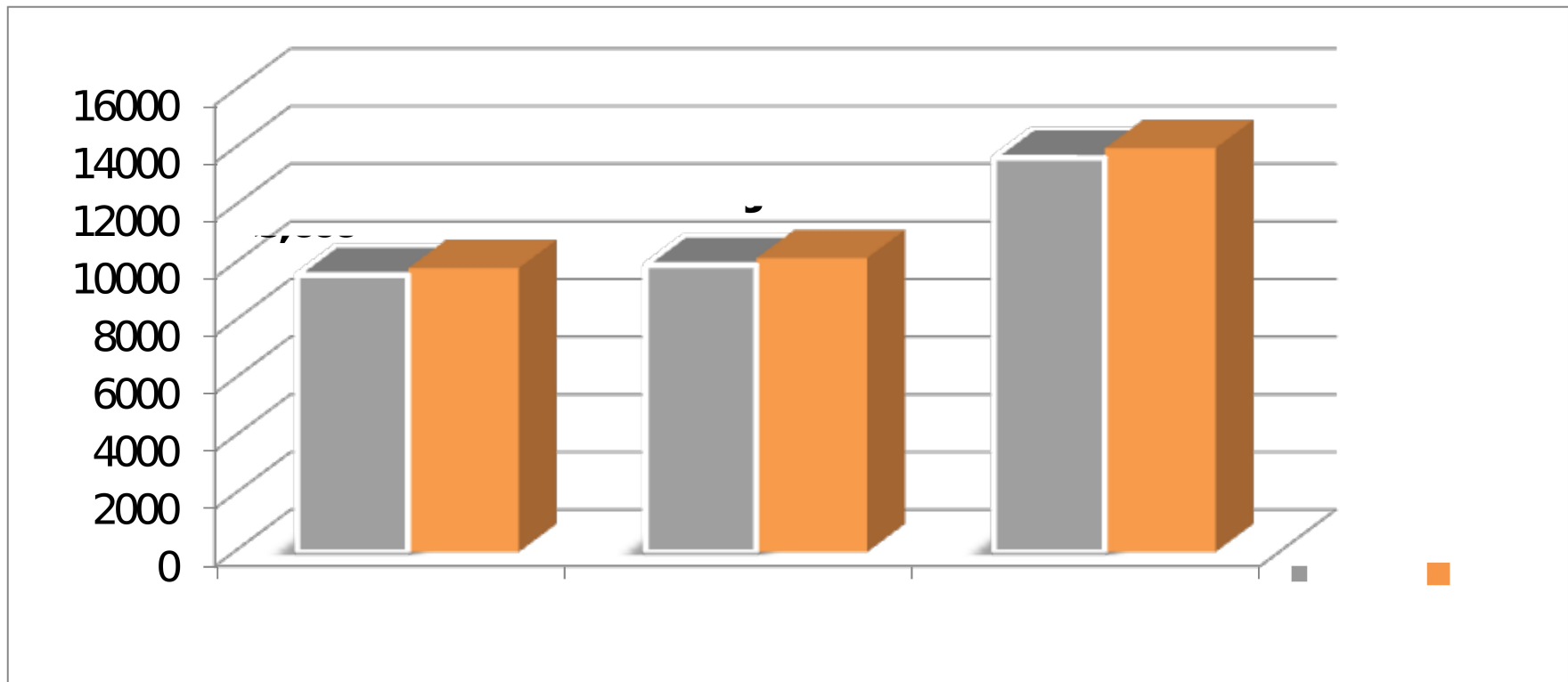
# How Are ASAs Developed?

- ASAs are developed using a DoD-wide average cost to provide care
- Adjusted for specific facility characteristics – geographically
  - Area Wage index
  - Indirect Medical Education
  - MEPRS data (Labor and Non-Labor Costs)
  - Civilian and Military Costs
- Methodology: Indexing
  - A Base Year inflated by a certain approved percentage



# FY 2011 Indexed ASA Rates

- ASA overall average percent increase from FY 2010 to FY 2011 was 2.6%





# FY 2011 ASAs

DMISID	MTF NAME	SERV	FULL COST RATE	INTERAGENCY RATE	IMET RATE	TPC RATE
0005	BASSETT ACH-FT. WAINWRIGHT	A	\$10,561.42	\$10,010.11	\$6,693.20	\$10,561.42
0006	3rd MED GRP-ELMENDORF	F	\$9,901.87	\$9,384.99	\$6,275.22	\$9,901.87
0014	60th MED GRP-TRAVIS	F	\$12,136.24	\$11,502.73	\$7,691.23	\$12,136.24
0024	NH CAMP PENDLETON	N	\$11,504.57	\$10,904.03	\$7,290.92	\$11,504.57
0028	NH LEMOORE	N	\$9,841.74	\$9,328.00	\$6,237.11	\$9,841.74
0029	NMC SAN DIEGO	N	\$15,180.94	\$14,388.49	\$9,620.78	\$15,180.94
0030	NH TWENTYNINE PALMS	N	\$10,014.56	\$9,491.80	\$6,346.64	\$10,014.56
0032	EVANS ACH-FT. CARSON	A	\$10,033.87	\$9,477.99	\$6,377.28	\$10,033.87
0037	WALTER REED AMC-WASHINGTON DC	A	\$17,002.07	\$16,114.56	\$10,774.91	\$17,002.07
0038	NH PENSACOLA	N	\$11,920.42	\$11,260.03	\$7,576.32	\$11,920.42
0039	NH JACKSONVILLE	N	\$13,183.97	\$12,453.58	\$8,379.40	\$13,183.97
0042	96th MED GRP-EGLIN	F	\$12,337.42	\$11,653.93	\$7,841.36	\$12,337.42
0047	EISENHOWER AMC-FT. GORDON	A	\$12,760.83	\$12,053.88	\$8,110.47	\$12,760.83
0048	MARTIN ACH-FT. BENNING	A	\$11,322.57	\$10,695.30	\$7,196.34	\$11,322.57
0049	WINN ACH-FT. STEWART	A	\$9,416.12	\$8,894.47	\$5,984.65	\$9,416.12
0052	TRIPLER AMC-FT SHAFTER	A	\$14,777.57	\$14,006.18	\$9,365.15	\$14,777.57
0053	366th MED GRP-MOUNTAIN HOME	F	\$10,090.64	\$9,531.62	\$6,413.36	\$10,090.64
0057	IRWIN ACH-FT. RILEY	A	\$9,391.48	\$8,871.19	\$5,968.99	\$9,391.48
0060	BLANCHFIELD ACH-FT. CAMPBELL	A	\$9,185.94	\$8,677.04	\$5,838.35	\$9,185.94



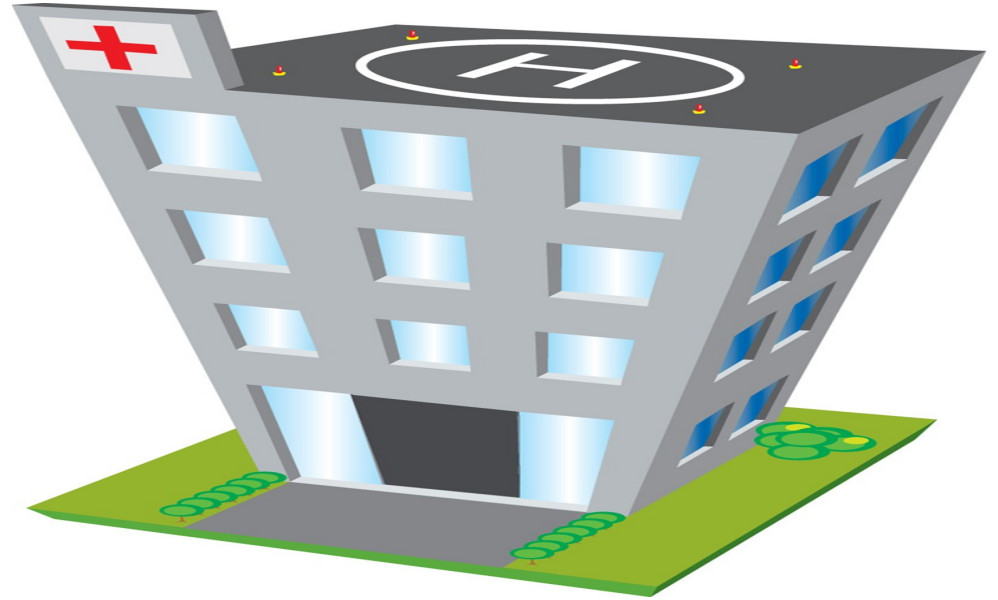


# Inpatient ASA Rate Example

- Example of Inpatient Rate: Reynolds Army Community Hospital, Fort Sill, OK
  - The cost to be recovered is the appropriate ASA rate adjusted to the MTF's location and teaching status.
- Example case: Discharge in MS-DRG 765; Cesarean section with CC/MCC
  - The MS-RWP for an inlier case is the CHAMPUS MS-DRG weight of .08404.
  - The FY 2011 MTF-applied ASA rate is \$9,629.09
  - Cost to be recovered is \$8,902.29.
    - TPC Amount Billed on UB-04
      - MTF-applied ASA x MS-DRG weight
      - = \$9,629.09 \* 0.8404 = \$ 8,902.29



# Outpatient





# Outpatient Itemized Billing (OIB)

- Each outpatient encounter, service, procedure, supply provided is billed at a line-item charge.
  - Procedure/service cost are set by the DoD based on industry standard
- The CHAMPUS Maximum Allowable Charge (CMAC) fee schedule is the basis for most professional outpatient MHS rates.
- Other outpatient rates based on
  - Medical Expense & Performance Reporting System (MEPRS)
  - Other government regulated rate tables
- OIB pricing structures affect the three billing programs: Third Party Collections (TPC), Medical Services Accounts (MSA), and Medical Affirmative Claims (MAC)



# How Are Rates Derived?

- CMAC and CMAC component
  - TMA provided file and data specifics converted to UBO format
- MEPRS Based Rates
  - Data Pulls, Formulas
- Durable Medical Equipment (DME)
  - Government downloaded file converted to UBO format
- Immunization/Injectable Rate Table



- Pharmacy Dispensing Fee



# OIB Components

- **CMAC and CMAC component**
  - *Other Rates:* Emergency Department, APVs and Observation
- **Durable Medical Equipment (DME)**
- **Immunization/Injectable Rate Table**
- **MEPRS Based Rates**
  - Ambulance
  - Anesthesia
  - Dental
  - Immunization specific
  - International Military Education and Training (IMET)/Interagency Rate (IOR)
- **Pharmacy Dispensing Fee**
- **Mapping Tables**
  - DMIS ID – CMAC Locality
  - Modifier Mapping Table
  - Revenue Mapping Table
  - TPOCS Mapping Table



# CY 2011 OIB Rates

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# Pharmacy

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# Pharmacy

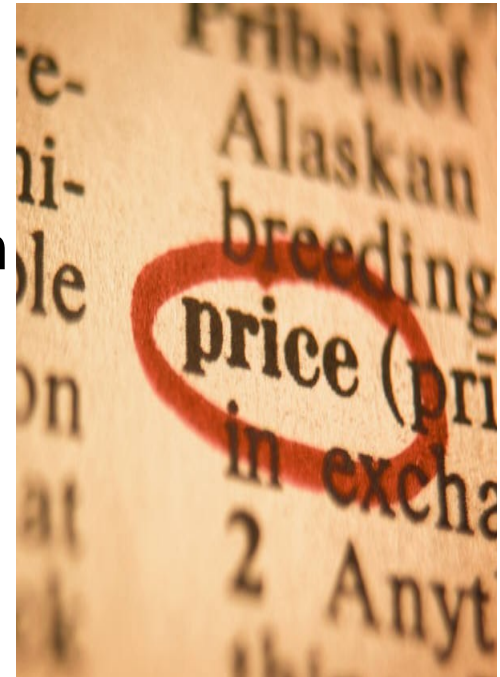
- Pharmacy Rates are based on the National Drug Code (NDC – a 10-digit unique identifier)
- UBO Rx methodology – price drugs comparable to what TRICARE will reimburse for similar drugs
  - Obtain the most up to date Managed Care Pricing File
  - Group NDCs by Generic Sequence Number (GSN) and unit of measure
  - Calculated using median unit of measure based on Average Wholesale Price (AWP) or Prime Vendor Price (PVP)
  - Determine final charge as the sum of the unit measure price plus a dispensing fee
- Data sources
  - The Managed Care Pricing File (MCPF)
  - The Pharmacy Data Transaction System (PDTS)





# Pharmacy Price Estimator

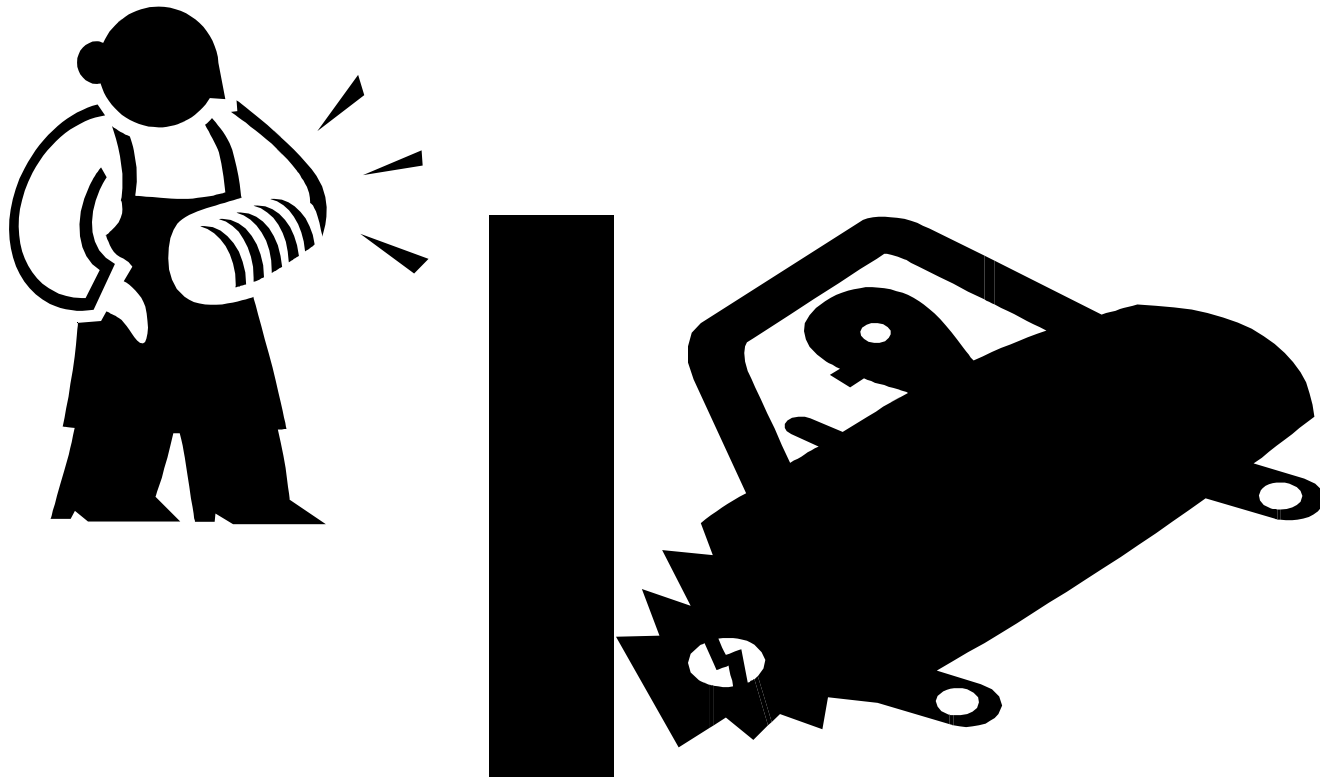
- Pricing estimator developed to provide preliminary pricing quotes
- Microsoft Access-based tool available to all users
- Patients can inquire about prescription costs to allow for price comparison
- Search by drug name or NDC
- The total cost is the unit price in the Rx rate file multiplied by the quantity
- New version of the estimator released with each Rx rate table update
- Can be downloaded from the UBO Web site





# Medical Affirmative Claims

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# Medical Affirmative Claims (MAC)

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- Recover reasonable value of medical care rendered for injuries or illnesses provided at Government expense to DoD beneficiaries under circumstances creating third party tort liability.



# Legal Foundations of MAC Program

## Federal Medical Care Recovery Act, 42 USC 2651-53

- Gives Government the right to recover **medical expenses**, and for active duty Soldiers, **lost military pay**
- From the **person liable in tort**, or his **insurer**
- Recovery depends on the existence of **tort liability**
  - **Except**, in no-fault states, U.S. is deemed third party beneficiary of no-fault insurance contracts if injury is caused by “tortuous conduct”
- Someone must have negligently or wrongfully caused the injury/illness for which the beneficiary receives medical care

Examples:

- |                        |                     |
|------------------------|---------------------|
| • Negligence generally | Auto accidents      |
| • Slip and fall cases  | Medical malpractice |
| • Assault and battery  | Defective products  |



# Legal Foundations of MAC Program

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## 10 U.S.C. 1095

- Gives the United States the right collect medical expenses from **third party payers**
  - **“Third party”** includes **automobile liability insurance or no fault insurance carriers**
  - Specifically includes Personal Injury Protection and Medical Payments
  - Also includes Uninsured/Underinsured Motorist



# Working with the JAG Office

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## **JAG/RJA Responsibilities**

- Assert, compromise, waive, settle claims
- Tracking & Reporting
- Identification of claims

## **MTF Responsibilities**

- Regular and consistent training of staff
- Make records available to RJA/JAG
- Ask patients how, when, where injuries occurred
- Notify RJA/JAG of type of service (OP or IP)
- MAC Enhancement Program



# Working with the JAG Office

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## Shared JAG/RJA-MTF Responsibilities

- Coordinate to ensure medical records are screened to identify potential MAC claims
- Coordinate to screen requests for information from third parties to identify potential claims
- Build rapport with other MTF staff
- Comply with requirements
- Consider providing JAG/RJA staff system access



# MAC Billing

## Billing for MAC Claims

### FMCRRA (Title 42)

- OMB has authority to set rates
- For claims filed under sole authority of FMCRRA, OMB rates apply

### 10 USC 1095 (Title 10)

- DoD has authority to set rates
- For claims filed under sole authority of 10 USC 1095, DoD rates apply

**NOTE:** Different billing rates apply, depending on whether the claim is made under FMCRRA or Title 10





# MAC Billing Preparation

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- Identify MAC Claim
- Gather Billing Data
- Decide If a Billable Visit
- Use TPOCS System (optional)
- Prepare MAC Billing Packet



# The Future of Rates

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# Future of UBO Rates

## Central Billing Events Repository (CBER)

- Primary goal: central collection, processing and provision of billing data
  - Use existing/updated data feeds between MHS source systems and the MHS Data Repository (MDR)
  - Supplement feeds as necessary
  - Leverage existing infrastructure and processes
  - Integrate TPCP-, MSA-, and MAC-related data
- Tri-service access
- To include: Billing Rate Tables, Reference Files, HIPAA 837-I and 837-P, and NCPDP D.0 Files



# Future of UBO Rates (cont.)

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## CBER-Based Solution Limitations

- The CBER and Service-specific issues
  - Capture all services
  - Pre-Certification/Pre-Authorization
  - Other Health Insurance (OHI)
  - Identifying MAC cases

## Implementation

- TBD — Goal 2013



# General Billing Tips

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- Ensure all patient information is correct and up to date
- Obtain the correct PATCAT code
- Collaborative work relationship with other MTF Staff
- Consistent and effective training
- Ask questions
- Ask your UBO Manager



# Summary

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- UBO Rate Packages: ASA, OIB, Rx, and MAC
- UBO charges are developed using a blend rates and prices including: ASAs, CMAC, APCs, and MEPRS based data
  - Overall goal to create “reasonable charges” that are justifiable, defensible and auditable
- Be knowledgeable of legal authority requiring Medical Affirmative Claims (MAC)
  - How does these laws tie into your facility processes?
- MHS future – Billing housed in a comprehensive data repository with the ability to distinguish between professional and institutional services